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# Physician Executive Compensation Report

## A **1991** SURVEY OF MEDICAL DIRECTORS

David R. Kirschman and Jennifer R. Grebenschikoff

Physician Executive Management Center

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# PHYSICIAN EXECUTIVE COMPENSATION REPORT

*A 1991 Survey of Medical Directors*

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# INTRODUCTION

This report represents the latest in a series of surveys to document the levels of compensation of physician executives. Earlier surveys conducted through the membership of the American College of Physician Executives documented and confirmed compensation levels for physicians serving in a wide variety of management positions. This year, the intent of the survey was to concentrate the data gathering on those physicians who held senior managerial roles in their organizations.

For the most part, physicians in other than CEO, medical director or equivalent roles are compensated for a combination of clinical and management duties. Their compensation packages are strongly influenced by their medical specialty and the amount of time devoted to patient care. Consequently, it becomes increasingly more difficult to qualify the salary levels for these physician executives. While it is clear that physician executives gain valuable experience in department and associate management positions, their compensation levels are strongly influenced by clinical and organizational measures.

The survey data collection instrument was sent this year to only those physicians who were known to be serving in a Chief Executive Officer or Medical Director position in a health care delivery organization. These physicians are the senior level of physician managers for which compensation trends could be measured. The data gathered were analyzed in a manner consistent with previous surveys to consider and report changes that have occurred in the profession over a five year period. Surveys were sent to 4,445 physician executives or to a "position" in hospitals, managed care organizations, group practices and selected other organizations where a medical director was expected. A return of 10% resulted which is lower than previous years, but not unexpected, since we have expanded the sample from ACPE members only, to all physicians serving in a medical director position in the target organizations.

As was begun last year, the survey also asked a number of questions about the duties of physician executives. The intent is to learn about the norm of duties for these physicians and to determine whether the type of duties of senior physician executives is reflected in their compensation packages. New this year is an attempt to determine the percentage of time these managers devote to various duties and to relate that information to compensation levels.

In a parallel survey, selected hospital managers were requested to provide information about the compensation of departmental managers. This is an attempt to learn more about the nature of physician executives serving in combination clinical-management positions. While a trend appears to be underway to compensate department chairmen, there is little known about the actual practice in hospitals on a national basis. This year's baseline will set the stage for future survey data.

This survey information is important to the participants as well as to the health care industry leadership when considering formalization or creation of physician executive positions. The goal of all involved should be the selection of the best available physicians to serve in executive roles and, once chosen, to continue to provide incentives for them to remain in these positions as valued members of an executive team.

This survey was conducted during the last quarter of 1991 and represents the compensation levels for that time as a "snapshot." We expect that adjustments for individual salaries for either inflation or merit are equally distributed throughout the year. Therefore, we do not believe these amounts will be increased by inflationary adjustments across the board. Rather, this data is valid for most of 1992.

Of perhaps the greatest value in this survey report is the information that describes trends in the profession over the past five years. Comparisons have been made with the inflationary changes to determine how the profession is keeping up with the economy. The past five years have been a period of significant change in the use of physicians in managerial roles and compensation has undergone fluctuations that may now be settling. We expect more stability in the marketplace over the next five years and physician executive compensation to stabilize as well.

## ACKNOWLEDGMENTS

Surveys such as this could not be completed without the assistance provided by physician executives. These physicians have taken the time to complete and return the data collection instrument every year and to provide the kind of detail necessary for a successful report to be prepared. Their ongoing assistance is acknowledged with appreciation.

*David R. Kirschman*
*Jennifer R. Grebenschikoff*
*March, 1992*

## ABOUT THE AUTHORS

David Kirschman and Jennifer Grebenschikoff are Principals of the Physician Executive Management Center, Tampa, Florida. The Management Center specializes in physician executive search and has been working with the profession since 1983.

The authors have provided assistance to a wide range of organizations in the establishment of physician manager positions. Also, they have directed searches for physicians to serve as managers in hospitals, HMOs, group practices, and private industry.

It is from this background that the survey on which this report is based was designed, prepared and summarized. The aim is to concentrate on specific compensation information, one of the key decisions that influences the direction of an organization in its search for a physician manager.

## HOW TO USE THIS REPORT AND DEFINITIONS

Each of four organizational types--hospital, managed care, group practice and industry are separated into chapters in this report. Also, an aggregate or all data chapter has been prepared and included to view the entire profession from year to year. Comparisons have been made with the results of previous surveys conducted by the Physician Executive Management Center over the past five years.

In each profile of physician managers, by organizational type and level of management, compensation amounts are provided at the 25th, 50th, and 75th percentile levels, as well as by average. For example, the 50th percentile figure is the median or the midpoint of the distribution; half of the reported figures are higher and half are lower than that number. The 50th percentile figure differs from the average, which is the sum of all figures in the distribution divided by the number of figures. The closer the median and average values for any position, the more accurately the data describe the distribution, and the greater the potential that the data are correct. The 25th percentile can be described as the midpoint of the lower one-half of the figures in the distribution. Or, 25 percent of the figures are lower and 75 percent are higher than the figure at the 25 percent level.

Therefore, when the reader looks at a profile for an organization and manager that shows an annual salary of $100,000 at the 50th percentile, he knows that half of the other physician managers in the sample group reported a higher annual salary and one-half a lower one. In the same example, the 75th percentile tells us that three-quarters of the sample reported a salary lower and one-quarter reported a salary higher. As with all statistical analyses, these figures provide a range to consider. All figures should be considered guidelines, not absolutes.

Distributions are included for:

- Base Salary - This is the amount reported as the annual base salary, not including bonuses, incentives, etc. It is the salary which was reported as being received for the management-related duties only.

- Bonus or Incentives - This is the additional direct compensation received for management-related duties. It should be noted that not all respondents reported having bonuses or incentives. Therefore, these figures are averages and percentiles for those who did receive such additional compensation.

- Total Compensation - Salaries and bonuses were totaled for each individual respondent and totaled for all respondents in each group of physician executives.

Regional comparisons are provided and are defined as follows:

- Pacific Region: Alaska, California, Hawaii, Nevada, Oregon and Washington
- Southwest Region: Arkansas, Arizona, Louisiana, New Mexico, Oklahoma and Texas
- Northwest Region: Colorado, Idaho, Kansas, Montana, Nebraska, North Dakota, South Dakota, Utah and Wyoming
- Midwest Region: Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, West Virginia and Wisconsin
- Northeast Region: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and Virginia
- Southeast Region: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee

# CHAPTER I

## AGGREGATE DATA

## ALL ORGANIZATIONS

This chapter is a composite of the data reported in subsequent chapters and looks at all physician managers by position, regardless of organizational type. This information is helpful when looking at the profession as a whole and the characteristics of leadership at each level of professional growth.

### Reports Included in this Chapter

1. Five year trends for full-time senior medical managers and top managers.

2. Full-time Managers: Reported separately are all full-time respondents. Reports are provided for senior medical managers and top managers.

3. Full and Part-time Managers: These combined reports include all full-time and part-time respondents or all participants in the survey. Reports are provided for senior medical managers and top managers.

### Observations

1. While fringe benefits remained unchanged, overall compensation for all senior medical manager survey participants, both full and part-time, increased 7.5% over the previous year. This is almost twice the inflation rate. However, for full-time senior medical managers the rate of increase was slightly lower than the inflation rate.

2. Liaison and quality assurance continue to be the principal duties of physician executives in senior positions (other than CEO). These are also the duties the physician executives feel are the greatest value to their organizations and which they enjoy the most.

ORGANIZATION TYPE: Aggregate
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $123,975 | $124,528 | $140,643 | $146,090 |
| PERCENTAGE CHANGE | | +.4% | +12.9%* | +3.9% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 26.5%, **Average Total Compensation** (considering salary and incentives) has increased by 17.8%.

2. In the next five years, 56% of these physicians expect to remain in their current position; 11% with the same duties and 45% with more responsibilities.

3. In the next five years, 26% of these physicians expect to have moved to a new organization; 13% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 14.6% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Aggregate **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 325

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 120,000 | 134,011 | 132,000 | 150,000 |
| Bonus/Incentives | 10,000 | 22,056 | 20,000 | 28,000 |
| **Total Compensation** | **$126,000** | **$146,090** | **$145,000** | **$165,000** |
| Fringe Benefits (perceived value) | 10,000 | 19,624 | 20,000 | 30,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 28% | Country Club Membership (full or partial) | 9% |
| Credit Card (for entertainment) | 27% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 54% |
| Written Contract | 54% | Defined Parachute | 22% |
| Contract Term | 1 yr. | Parachute Term | 7 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 52 | Hours In Management (per week) | 49 |
| Sex (Male) | 96% | Years In Current Position | 4 |
| Board Certification (ABMS Clinical Boards) | 93% | Management Degree (have or working on) | 34% |

**ORGANIZATION TYPE:** Aggregate
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 325

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 83 | 24 | 1 | 1 |
| Quality Assurance (QA/UR/RM) | 93 | 23 | 2 | 2 |
| Credentials | 83 | 9 | | |
| Supervise Physicians (Physician Executives or Physicians) | 64 | 13 | 3 | |
| Strategic Planning (Budget/Programs/Equipment) | 90 | 12 | 3 | 3 |
| Education (CME/Community/Graduate) | 62 | 7 | | |
| External Relations (Professional/Community) | 81 | 9 | | |
| Recruitment | 66 | 7 | | |
| Compliance (With Licensing & Regulatory Agencies) | 73 | 7 | | |

ORGANIZATION TYPE: Aggregate
PHYSICIAN EXECUTIVE: Top Managers
TIME COMMITMENT: Full Time
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $162,747 | $170,699 | $212,738 | $188,585 |
| PERCENTAGE CHANGE | | +4.9% | +24.6%* | -11.4% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 23.4%, **Average Total Compensation** (considering salary and incentives) has increased by 15.9%.

2. In the next five years, 55% of these physicians expect to remain in their current position; 25% with the same duties and 30% with more responsibilities.

3. In the next five years, 30% of these physicians expect to have moved to a new organization; 15% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 14.1% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Aggregate
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Top Managers
**NUMBER IN SAMPLE:** 20

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 125,000 | 163,610 | 155,000 | 190,000 |
| Bonus/Incentives | 20,000 | 38,423 | 30,000 | 60,000 |
| **Total Compensation** | **$140,000** | **$188,585** | **$195,000** | **$235,000** |
| Fringe Benefits (perceived value) | 17,500 | 23,043 | 25,000 | 30,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 25% | Country Club Membership (full or partial) | 15% |
| Credit Card (for entertainment) | 45% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 55% |
| Written Contract | 45% | Defined Parachute | 30% |
| Contract Term | 3 yrs. | Parachute Term | 8 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 53 | Hours In Management (per week) | 56 |
| Sex (Male) | 95% | Years In Current Position | 5 |
| Board Certification (ABMS Clinical Boards) | 90% | Management Degree (have or working on) | 40% |

**ORGANIZATION TYPE:** Aggregate
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Top Managers
**NUMBER IN SAMPLE:** 20

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 70 | 18 | 2 | 2 |
| Quality Assurance (QA/UR/RM) | 80 | 20 | | 3 |
| Credentials | 50 | 6 | | |
| Supervise Physicians (Physician Executives or Physicians) | 70 | 18 | 3 | 2 |
| Strategic Planning (Budget/Programs/Equipment) | 85 | 26 | 1 | 1 |
| Education (CME/Community/Graduate) | 45 | 5 | | |
| External Relations (Professional/Community) | 85 | 13 | 3 | 2 |
| Recruitment | 55 | 10 | | |
| Compliance (With Licensing & Regulatory Agencies) | 45 | 7 | | |

ORGANIZATION TYPE: Aggregate
TIME COMMITMENT: Full & Part Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $106,507 | $109,905 | $126,501 | $136,099 |
| PERCENTAGE CHANGE | | +3.2% | +15.1%* | +7.6% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 40.6%, **Average Total Compensation** (considering salary and incentives) has increased by 27.8%.

2. In the next five years, 57% of these physicians expect to remain in their current position; 11% with the same duties and 46% with more responsibilities.

3. In the next five years, 24% of these physicians expect to have moved to a new organization; 13% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 15.2% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Aggregate **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full & Part Time **NUMBER IN SAMPLE:** 373

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 105,000 | 125,237 | 130,000 | 148,000 |
| Bonus/Incentives | 10,000 | 21,323 | 20,000 | 27,000 |
| **Total Compensation** | **$111,600** | **$136,099** | **$140,000** | **$163,000** |
| Fringe Benefits (perceived value) | 10,000 | 19,018 | 20,000 | 26,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 27% | Country Club Membership (full or partial) | 8% |
| Credit Card (for entertainment) | 25% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 57% |
| Written Contract | 55% | Defined Parachute | 22% |
| Contract Term | 1 yr. | Parachute Term | 8 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 52 | Hours In Management (per week) | 45 |
| Sex (Male) | 96% | Years In Current Position | 4 |
| Board Certification (ABMS Clinical Boards) | 92% | Management Degree (have or working on) | 32% |

**ORGANIZATION TYPE:** Aggregate **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full & Part Time **NUMBER IN SAMPLE:** 373

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 84 | 24 | 1 | 1 |
| Quality Assurance (QA/UR/RM) | 94 | 24 | 2 | 2 |
| Credentials | 83 | 9 | | |
| Supervise Physicians (Physician Executives or Physicians) | 63 | 13 | 3 | |
| Strategic Planning (Budget/Programs/Equipment) | 89 | 11 | 3 | 3 |
| Education (CME/Community/Graduate) | 60 | 7 | | |
| External Relations (Professional/Community) | 80 | 9 | | |
| Recruitment | 65 | 8 | | |
| Compliance (With Licensing & Regulatory Agencies) | 71 | 7 | | |

| | | | |
|---|---|---|---|
| ORGANIZATION TYPE: | Aggregate | PHYSICIAN EXECUTIVE: | Top Managers |
| TIME COMMITMENT: | Full & Part Time | NUMBER IN SAMPLE: | N/A |

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $138,333 | $131,888 | $157,859 | $169,074 |
| PERCENTAGE CHANGE | | -4.7% | +19.7%* | +7.1% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 32.3%, **Average Total Compensation** (considering salary and incentives) has increased by 22%.

2. In the next five years, 52% of these physicians expect to remain in their current position; 26% with the same duties and 26% with more responsibilities.

3. In the next five years, 34% of these physicians expect to have moved to a new organization; 11% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 16.3% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Aggregate **PHYSICIAN EXECUTIVE:** Top Managers
**TIME COMMITMENT:** Full & Part Time **NUMBER IN SAMPLE:** 26

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 120,000 | 146,016 | 144,000 | 190,000 |
| Bonus/Incentives | 20,000 | 42,821 | 30,000 | 69,000 |
| **Total Compensation** | **$120,000** | **$169,074** | **$175,000** | **$235,000** |
| Fringe Benefits (perceived value) | 17,500 | 23,902 | 25,000 | 35,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 23% | Country Club Membership (full or partial) | 10% |
| Credit Card (for entertainment) | 38% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 62% |
| Written Contract | 42% | Defined Parachute | 23% |
| Contract Term | 3 yrs. | Parachute Term | 8 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 52 | Hours In Management (per week) | 48 |
| Sex (Male) | 96% | Years In Current Position | 6 |
| Board Certification (ABMS Clinical Boards) | 92% | Management Degree (have or working on) | 38% |

**ORGANIZATION TYPE:** Aggregate **PHYSICIAN EXECUTIVE:** Top Managers
**TIME COMMITMENT:** Full & Part Time **NUMBER IN SAMPLE:** 26

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 69 | 17 | 2 | 3 |
| Quality Assurance (QA/UR/RM) | 81 | 18 | | |
| Credentials | 54 | 7 | | |
| Supervise Physicians (Physician Executives or Physicians) | 73 | 18 | 2 | 3 |
| Strategic Planning (Budget/Programs/Equipment) | 85 | 22 | 1 | 1 |
| Education (CME/Community/Graduate) | 50 | 7 | | |
| External Relations (Professional/Community) | 85 | 13 | | 2 |
| Recruitment | 62 | 9 | | |
| Compliance (With Licensing & Regulatory Agencies) | 50 | 7 | | |

## CHAPTER II

## PHYSICIAN MANAGERS IN HOSPITALS

Physician manager respondents who currently work in hospitals are the largest group of the survey. This has occurred in all of the years in which the survey was conducted and we expect a similar result in the future. Hospitals are clearly a fertile field for physicians to become involved with managing health care services delivery. Because of sheer numbers, the information in this chapter tends to be the most statistically reliable of the survey, especially for senior medical manager positions.

**Reports Included in this Chapter**

1. Five year trend information comparing survey data for the past four survey reports conducted by the Management Center since 1986.

2. Full-time Managers: Those managers who reported a 75% or more time commitment to managerial duties in a hospital are included. Reports are provided for top managers and senior medical managers. All reports can be compared with previous year data regarding trends in compensation and several demographics. The duties section may be compared with last year's report.

3. Part-time Managers: Senior medical managers who reported less than a 75% time commitment to managerial duties were included in these reports as part-time managers.

4. Comparisons: Data reports were generated to determine the influence of a number of demographic factors on compensation and are included as additional information for the reader. As in the past, the reports are provided by age, whether the respondent did or did not have an employment contract and the effect of a first position versus those who have held more than one management position. Comparisons related to the impact of bonuses, a management degree and clinical experience are also included this year.

5. Regional Report: Data for hospital senior medical managers are reported by six regions in the country and include annual salary and total compensation data.

6. Bed Size Comparison Report: Data on compensation for senior medical managers by the size of the hospital.

7. Position Type Comparison: Physicians whose primary responsibilities are liaison and external relations were defined as communicator-managers. Those who have principal duties of quality assurance and utilization review were defined as quality assurance-managers. Those whose duties are primarily supervision of physicians were defined as supervisor-managers.

8. Compensation Level: Group I includes physicians whose compensation is in the top 25th percentile of the distribution. Group II includes physicians whose compensation ranges from the median to the 75th percentile.

**Comments and Observations About the Data in this Chapter**

1. Senior medical managers or medical directors in hospitals continue to demonstrate a reliable data base upon which to compare trends. A modest increase in average base salary and total compensation has occurred. This leveling of the compensation may reflect a maturation of the position within hospitals.

2. Senior medical managers in hospitals continue to devote a majority of time to liaison and quality assurance activities. Strategic planning involvement as a part of the position is increasing, which is a reflection of the greater role of physician executives as members of a hospital's management team. The medical director is perhaps being seen more as a full-time professional manager than a representative of the medical staff.

3. Among this group of physician executives, senior medical managers appear to receive the highest compensation and best benefits when in the age range of 50 to 59 years, are new to their position, but have had one or more management positions previously.

4. Those physican executives with a bonus arrangement receive significantly higher average compensation than those without an incentive.

5. Those with an advanced management degree are compensated at a higher average rate than those without a degree.

6. Full-time hospital physician executives most often desired an automobile as an additional benefit. In a few instances, better CME opportunities were felt to be needed benefits.

7. The clinical specialty areas for physician executives in hospitals were concentrated in the following specialties: Internal Medicine (or a subspecialty) 37%; Family Practice 16%; Pediatrics 15% and General Surgery 8%. Virtually all are board certified in their clinical specialty.

8. Senior medical managers who serve principally in a quality assurance manager role receive significantly less than those whose principal role is supervision or communication.

9. Those physician executives currently serving in senior medical manager positions, whose most previous position was with the same hospital, received (on average) a 13% higher total compensation than those whose previous position was with another organization.

10. 68% of senior medical managers in hospitals came to their current organization from private practice, 18% from another hospital, 12% from government and virtually none from industry or managed care.

ORGANIZATION TYPE: Hospitals
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $121,131 | $122,262 | $137,938 | $143,250 |
| PERCENTAGE CHANGE | | +.9% | +12.8%* | +3.9% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 21.3%, **Average Total Compensation** (considering salary and incentives) has increased by 18.3%.

2. In the next five years, 53% of these physicians expect to remain in their current position; 12% with the same duties and 41% with more responsibilities.

3. In the next five years, 24% of these physicians expect to have moved to a new organization; 17% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 14.2% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 162

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 120,000 | 135,830 | 136,000 | 155,000 |
| Bonus/Incentives | 8,000 | 19,389 | 15,000 | 25,000 |
| **Total Compensation** | **$125,000** | **$143,250** | **$142,000** | **$163,000** |
| Fringe Benefits (perceived value) | 10,000 | 19,254 | 18,000 | 30,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 27% | Country Club Membership (full or partial) | 10% |
| Credit Card (for entertainment) | 24% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 58% |
| Written Contract | 60% | Defined Parachute | 23% |
| Contract Term | 2 yrs. | Parachute Term | 9 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 54 | Hours In Management (per week) | 49 |
| Sex (Male) | 96% | Years In Current Position | 5 |
| Board Certification (ABMS Clinical Boards) | 94% | Management Degree (have or working on) | 31% |

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 162

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 98 | 28 | 1 | 1 |
| Quality Assurance (QA/UR/RM) | 96 | 19 | 2 | 2 |
| Credentials | 94 | 11 | | |
| Supervise Physicians (Physician Executives or Physicians) | 62 | 9 | | |
| Strategic Planning (Budget/Programs/Equipment) | 93 | 9 | 3 | 3 |
| Education (CME/Community/Graduate) | 75 | 8 | | |
| External Relations (Professional/Community) | 77 | 6 | | |
| Recruitment | 75 | 7 | | |
| Compliance (With Licensing & Regulatory Agencies) | 84 | 7 | | |

**ORGANIZATION TYPE:** Hospitals **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 162

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **AGE** | | | | | | |
| Less Than 40 Years | $119,583 | 0 | 0 | 100% | 83% | 0 |
| 40 to 49 Years | 149,888 | 17% | 5% | 68% | 51% | 27% |
| 50 to 59 Years | 155,045 | 42% | 20% | 38% | 77% | 34% |
| More Than 59 Years | 125,313 | 18% | 4% | 70% | 44% | 10% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | $155,570 | 34% | 9% | 52% | 63% | 36% |
| 3 to 6 Years | 136,916 | 22% | 11% | 63% | 66% | 19% |
| 7 or More Years | 136,356 | 24% | 12% | 58% | 45% | 12% |
| **EXPERIENCE** | | | | | | |
| First Management Position | $135,714 | 23% | 11% | 60% | 66% | 18% |
| Not First Management Position | 151,167 | 30% | 10% | 56% | 54% | 29% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Hospitals **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 162

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **AGE** | | | | | | |
| Less Than 40 Years | 50% | 3 | 33% | 0 | 4 | 33% |
| 40 to 49 Years | 46% | 3 | 44% | 10% | 10 | 61% |
| 50 to 59 Years | 46% | 5 | 22% | 2% | 18 | 78% |
| More Than 59 Years | 62% | 7 | 20% | 2% | 27 | 92% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | 41% | 1 | 34% | 5% | 17 | 68% |
| 3 to 6 Years | 58% | 4 | 27% | 4% | 20 | 79% |
| 7 or More Years | 55% | 11 | 15% | 0 | 18 | 85% |
| **EXPERIENCE** | | | | | | |
| First Management Position | 100% | 5 | 22% | 2% | 21 | 88% |
| Not First Management Position | N/A | N/A | 33% | 5% | 16 | 65% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 162

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | $147,909 | 28% | 15% | 54% | 100% | 39% |
| Contract With A Parachute | 165,382 | 32% | 13% | 47% | 100% | 100% |
| No Written Employment Contract | 136,115 | 25% | 3% | 64% | 0 | 0 |
| **BONUS** | | | | | | |
| Received A Bonus | $164,090 | 35% | 18% | 48% | 63% | 27% |
| No Bonus | 130,329 | 21% | 6% | 64% | 59% | 21% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | $150,051 | 25% | 6% | 66% | 69% | 38% |
| No Management Degree | 141,576 | 27% | 12% | 56% | 58% | 20% |

Total Compensation — Average total of base salary plus incentives.
Executive Benefits — Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
Employment Contract — Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Hospitals
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time
**NUMBER IN SAMPLE:** 162

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | 56% | 4 | 31% | 1% | 18 | 76% |
| Contract With A Parachute | 38% | 3 | 34% | 4% | 17 | 74% |
| No Written Employment Contract | 44% | 5 | 22% | 8% | 19 | 78% |
| **BONUS** | | | | | | |
| Received A Bonus | 50% | 4 | 32% | 3% | 17 | 81% |
| No Bonus | 52% | 5 | 24% | 4% | 19 | 74% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | 28% | 3 | 100% | 0 | 14 | 69% |
| No Management Degree | 57% | 5 | 0 | 5% | 19 | 78% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 162

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | $145,612 | 25% | 12% | 60% | 60% | 26% |
| Pediatrics | 134,040 | 26% | 4% | 63% | 67% | 26% |
| Other Specialties | 144,635 | 31% | 12% | 52% | 60% | 17% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | $130,370 | 24% | 9% | 61% | 58% | 15% |
| No Clinical Duties | 146,545 | 27% | 11% | 57% | 61% | 26% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Hospitals
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time
**NUMBER IN SAMPLE:** 162

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | 49% | 4 | 27% | 6% | 18 | 80% |
| Pediatrics | 44% | 5 | 26% | 0 | 22 | 70% |
| Other Specialties | 58% | 5 | 27% | 2% | 18 | 73% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | 55% | 5 | 18% | 12% | 17 | 67% |
| No Clinical Duties | 50% | 5 | 29% | 2% | 19 | 79% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 162

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | $143,852 | 28% | 11% | 58% | 60% | 23% |
| Quality Assurance - Manager | 127,579 | 13% | 13% | 71% | 63% | 25% |
| Supervisor - Manager | 150,415 | 31% | 0 | 54% | 77% | 15% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | $194,424 | 45% | 20% | 35% | 73% | 45% |
| Group II (Second Highest Compensation) | 151,087 | 26% | 7% | 64% | 55% | 14% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

ORGANIZATION TYPE: Hospitals
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 162

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | 52% | 5 | 22% | 3% | 19 | 76% |
| Quality Assurance - Manager | 63% | 5 | 25% | 8% | 17 | 88% |
| Supervisor - Manager | 46% | 4 | 31% | 8% | 20 | 62% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | 35% | 5 | 25% | 0 | 17 | 70% |
| Group II (Second Highest Compensation) | 48% | 4 | 26% | 7% | 17 | 71% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Hospitals
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# REGIONAL COMPARISONS

| | ANNUAL SALARY | | | | TOTAL COMPENSATION | | | |
|---|---|---|---|---|---|---|---|---|
| REGION | 25% | $\overline{X}$ | 50% | 75% | 25% | $\overline{X}$ | 50% | 75% |
| Pacific | 140,000 | 147,525 | 152,000 | 165,000 | 140,000 | 159,056 | 155,000 | 187,200 |
| Southwest | 133,000 | 135,357 | 140,000 | 165,000 | 133,000 | 138,786 | 145,000 | 165,000 |
| Northwest | 130,000 | 141,250 | 145,000 | 165,000 | 130,000 | 154,000 | 165,000 | 171,000 |
| Midwest | 120,000 | 131,776 | 134,000 | 150,000 | 120,000 | 140,163 | 138,000 | 159,250 |
| Northeast | 120,000 | 137,876 | 137,500 | 160,000 | 125,000 | 143,961 | 141,000 | 162,000 |
| Southeast | 118,000 | 133,172 | 140,000 | 170,000 | 124,000 | 142,222 | 150,000 | 172,000 |

ORGANIZATION TYPE: Hospitals
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# BED SIZE COMPARISONS

| | ANNUAL SALARY | | | | TOTAL COMPENSATION | | | |
|---|---|---|---|---|---|---|---|---|
| SIZE | 25% | $\overline{X}$ | 50% | 75% | 25% | $\overline{X}$ | 50% | 75% |
| <100 | 105,000 | 132,603 | 130,000 | 165,000 | 110,000 | 138,934 | 130,000 | 185,000 |
| 100 - 349 | 110,000 | 126,324 | 130,000 | 140,000 | 115,500 | 131,764 | 132,000 | 150,000 |
| 350 - 499 | 127,200 | 137,357 | 141,000 | 150,000 | 130,000 | 142,978 | 150,000 | 162,500 |
| 500 - 1,000 | 145,000 | 156,844 | 151,000 | 165,000 | 150,000 | 167,930 | 160,000 | 185,000 |
| >1,000 | 150,000 | 158,333 | 185,000 | 185,000 | 150,000 | 199,000 | 224,000 | 224,000 |

ORGANIZATION TYPE: Hospitals
TIME COMMITMENT: Part Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $73,521 | $84,922 | $69,796 | $69,548 |
| PERCENTAGE CHANGE | | +15.5% | -17.8%* | N/C |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has not changed, **Average Total Compensation** (considering salary and incentives) has decreased by 5.4%.

2. In the next five years, 56% of these physicians expect to remain in their current position; 14% with the same duties and 42% with more responsibilities.

3. In the next five years, 14% of these physicians expect to have moved to a new organization; 28% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 14.1% of Average Base Salary in this survey year; about 2% less than last year.

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Part Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 21

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 50,000 | 68,095 | 66,000 | 97,000 |
| Bonus/Incentives | 6,500 | 6,100 | 6,500 | 8,000 |
| **Total Compensation** | **$50,000** | **$69,548** | **$71,500** | **$97,000** |
| Fringe Benefits (perceived value) | 3,500 | 9,615 | 10,000 | 12,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 14% | Country Club Membership (full or partial) | 0% |
| Credit Card (for entertainment) | 10% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 76% |
| Written Contract | 67% | Defined Parachute | 14% |
| Contract Term | 1 yr. | Parachute Term | 5 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 55 | Hours In Management (per week) | 23 |
| Sex (Male) | 95% | Years In Current Position | 4 |
| Board Certification (ABMS Clinical Boards) | 86% | Management Degree (have or working on) | 19% |

**ORGANIZATION TYPE:** Hospitals
**TIME COMMITMENT:** Part Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 21

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 100% | 23 | 1 | 1 |
| Quality Assurance (QA/UR/RM) | 100% | 22 | 2 | |
| Credentials | 95% | 11 | 3 | 3 |
| Supervise Physicians (Physician Executives or Physicians) | 52% | 7 | | |
| Strategic Planning (Budget/Programs/Equipment) | 81% | 8 | 3 | 2 |
| Education (CME/Community/Graduate) | 52% | 11 | | 3 |
| External Relations (Professional/Community) | 62% | 9 | 3 | 3 |
| Recruitment | 62% | 7 | | 3 |
| Compliance (With Licensing & Regulatory Agencies) | 76% | 8 | | |

ORGANIZATION TYPE: Hospitals
PHYSICIAN EXECUTIVE: Top Managers
TIME COMMITMENT: Full Time
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $140,543 | $183,594 | $245,350 | $174,925 |
| PERCENTAGE CHANGE | | +30.6% | +33.6%* | -28.7% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 12.7%, **Average Total Compensation** (considering salary and incentives) also increased by 24.5%.

2. In the next five years, 50% of these physicians expect to remain in their current position; all with the same duties and none with more responsibilities.

3. In the next five years, 25% of these physicians expect to have moved to a new organization; 25% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 10.3% of Average Base Salary in this survey year; about the same as last year.

# CHAPTER III

## PHYSICIAN MANAGERS IN GROUP PRACTICE

In all group practices, some physician assumes a leadership role with the management of the practice. As groups become larger, more energy and time is necessary to manage the affairs of the group and a physician from within the group is identified as the manager, with titles such as Managing Partner, Medical Director or similar designations. These physicians also may report to the board and function as a chief executive officer (top manager in this report) or have a parallel reporting arrangement with an administrator and function as a medical director (senior medical manager). The distinction is vague in the reporting of this survey and therefore it is suggested that the reader look at both positions when analyzing the data for group leadership comparisons.

### Reports Included in this Chapter

1. Five year trend information is provided comparing survey data for the past four survey reports conducted by the Management Center since 1986.

2. Full-time Senior Medical Managers: Those physicians in medical director positions who reported a 75% or more time commitment to management duties in a group practice are included. All reports can be compared with previous year data regarding trends in compensation. The duties section may be compared only with last year's report.

3. Comparisons: Data reports were generated to determine the influence of a number of demographic factors on compensation and are included as additional information for the reader. As in the past, the reports are provided by age, whether the respondent did or did not have an employment contract and the effect of a first position versus those who have held more than one management position. Comparisons related to the impact of bonuses, a management degree and clinical experience are also included this year.

4. Position Type Comparison: Physicians whose primary responsibilities are liaison and external relations were defined as communicator-managers. Those who have principal duties of quality assurance and utilization review were defined as quality assurance-managers. Those whose duties are primarily supervision of physicians were defined as supervisor-managers.

5. Compensation Level: Group I includes physicians whose compensation is in the top 25th percentile of the distribution. Group II includes physicians whose compensation ranges from the median to the 75th percentile.

## Comments and Observations About the Data in this Chapter

1. The physician executives who serve in full-time management positions in group practices hold either a CEO or medical director title, although duties are often similar. Top managers continue to earn 30% to 40% more in total compensation than medical directors. In the past year, top manager compensation did not change, while senior medical manager compensation increased about 7%.

2. Senior medical managers in group practice devote a majority of their time to liaison, supervision of physicians and quality assurance activities. Strategic planning involvement as a part of the position is also important as is involvement in recruitment for the group.

3. Among this group of physician executives, senior medical managers appear to receive the highest compensation and best benefits when they have been in their position for more than 6 years.

4. Those physician executives with a bonus arrangement receive significantly higher average compensation than those without an incentive.

5. Those with an advanced management degree are compensated at a lower average rate than those without a degree. Either little value is placed on a degree by groups or, more likely, the leadership of groups comes from those with impressive clinical credentials.

6. Desired additional benefits for full-time group practice physician executives more often included an automobile and improved retirement options.

7. The clinical specialty areas for physician executives in group practice were concentrated in the following specialities: Internal Medicine (or a subspecialty) 48%; Pediatrics 23% and Family Practice 9%.

8. Senior medical managers who serve principally in a quality assurance manager role, receive significantly more than those whose principal role is supervision or communication.

| | | | |
|---|---|---|---|
| ORGANIZATION TYPE: | Group Practice | PHYSICIAN EXECUTIVE: | Senior Medical Mgrs. |
| TIME COMMITMENT: | Full Time | NUMBER IN SAMPLE: | N/A |

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $115,917 | $118,377 | $148,421 | $159,225 |
| PERCENTAGE CHANGE | | +2.1% | +25.4%* | +7.3% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 40%, **Average Total Compensation** (considering salary and incentives) has increased by 37.4%.

2. In the next five years, 65% of these physicians expect to remain in their current position; none with the same duties and all with more responsibilities.

3. In the next five years, 10% of these physicians expect to have moved to a new organization; 20% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 13% of Average Base Salary in this survey year; 3% lower than last year.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 130,000 | 147,325 | 148,000 | 180,000 |
| Bonus/Incentives | 5,000 | 26,444 | 24,000 | 50,000 |
| **Total Compensation** | **$145,000** | **$159,225** | **$155,000** | **$200,000** |
| Fringe Benefits (perceived value) | 10,000 | 19,105 | 23,000 | 25,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 15% | Country Club Membership (full or partial) | 10% |
| Credit Card (for entertainment) | 25% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 65% |
| Written Contract | 75% | Defined Parachute | 30% |
| Contract Term | 2 yrs. | Parachute Term | 6 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 51 | Hours In Management (per week) | 49 |
| Sex (Male) | 100% | Years In Current Position | 3 |
| Board Certification (ABMS Clinical Boards) | 90% | Management Degree (have or working on) | 20% |

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 80 | 20 | 3 | 3 |
| Quality Assurance (QA/UR/RM) | 90 | 17 | 2 | 2 |
| Credentials | 70 | 5 | | |
| Supervise Physicians (Physician Executives or Physicians) | 90 | 19 | 3 | |
| Strategic Planning (Budget/Programs/Equipment) | 85 | 12 | 1 | 1 |
| Education (CME/Community/Graduate) | 60 | 6 | | |
| External Relations (Professional/Community) | 80 | 9 | | |
| Recruitment | 90 | 12 | 3 | |
| Compliance (With Licensing & Regulatory Agencies) | 55 | 6 | | |

ORGANIZATION TYPE: Group Practice
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 20

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **AGE** | | | | | | |
| 40 to 49 Years | 153,643 | 0 | 14% | 43% | 86% | 0 |
| 50 to 59 Years | 153,375 | 25% | 0 | 75% | 63% | 38% |
| More Than 59 Years | 157,333 | 33% | 33% | 67% | 67% | 33% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | $157,889 | 11% | 0 | 89% | 78% | 44% |
| 3 to 6 Years | 156,500 | 11% | 11% | 56% | 67% | 22% |
| 7 or More Years | 177,500 | 50% | 50% | 0 | 100% | 0 |
| **EXPERIENCE** | | | | | | |
| First Management Position | $154,833 | 0 | 17% | 50% | 67% | 17% |
| Not First Management Position | 161,107 | 21% | 7% | 71% | 79% | 36% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **AGE** | | | | | | |
| 40 to 49 Years | 57% | 5 | 29% | 0 | 11 | 86% |
| 50 to 59 Years | 13% | 2 | 0 | 13% | 18 | 75% |
| More Than 59 Years | 0 | 0 | 0 | 33% | 29 | 100% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | 11% | 1 | 11% | 22% | 17 | 78% |
| 3 to 6 Years | 44% | 4 | 11% | 0 | 16 | 67% |
| 7 or More Years | 50% | 12 | 0 | 0 | 13 | 100% |
| **EXPERIENCE** | | | | | | |
| First Management Position | 100% | 5 | 0 | 0 | 12 | 83% |
| Not First Management Position | N/A | N/A | 14% | 14% | 18 | 71% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Group Practice
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 20

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | $162,967 | 20% | 13% | 53% | 100% | 40% |
| Contract With A Parachute | 185,833 | 17% | 0 | 83% | 100% | 100% |
| No Written Employment Contract | 148,000 | 0 | 0 | 100% | 0 | 0 |
| **BONUS** | | | | | | |
| Received A Bonus | $190,056 | 11% | 11% | 67% | 89% | 56% |
| No Bonus | 134,000 | 18% | 9% | 64% | 64% | 9% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | $144,750 | 0 | 0 | 50% | 100% | 0 |
| No Management Degree | 160,833 | 17% | 11% | 67% | 72% | 33% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | 27% | 4 | 13% | 7% | 14 | 73% |
| Contract With A Parachute | 17% | 2 | 0 | 17% | 12 | 50% |
| No Written Employment Contract | 40% | 3 | 0 | 20% | 23 | 80% |
| **BONUS** | | | | | | |
| Received A Bonus | 22% | 2 | 11% | 11% | 13 | 67% |
| No Bonus | 36% | 4 | 9% | 9% | 19 | 82% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | 0 | 0 | 100% | 0 | 20 | 50% |
| No Management Degree | 33% | 4 | 0 | 11% | 16 | 78% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | $170,818 | 0 | 9% | 73% | 73% | 45% |
| Pediatrics | 152,800 | 40% | 0 | 60% | 60% | 20% |
| Other Specialties | 135,375 | 25% | 25% | 50% | 100% | 0 |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | $151,500 | 0 | 10% | 70% | 70% | 10% |
| No Clinical Duties | 166,950 | 30% | 10% | 60% | 80% | 50% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | 55% | 3 | 0 | 18% | 13 | 82% |
| Pediatrics | 0 | 0 | 20% | 0 | 24 | 40% |
| Other Specialties | 0 | 0 | 25% | 0 | 17 | 100% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | 40% | 3 | 10% | 10% | 14 | 70% |
| No Clinical Duties | 20% | 4 | 10% | 10% | 19 | 80% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Group Practice
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
TIME COMMITMENT: Full Time
NUMBER IN SAMPLE: 20

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **POSITION TYPE** | | | | | | |
| (Principal Role) | | | | | | |
| Communicator - Manager | $159,333 | 0 | 33% | 67% | 100% | 0 |
| Quality Assurance - Manager | 178,333 | 33% | 0 | 33% | 100% | 67% |
| Supervisor - Manager | 154,167 | 0 | 0 | 83% | 67% | 33% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | $217,500 | 0 | 25% | 75% | 100% | 75% |
| Group II (Second Highest Compensation) | 175,083 | 33% | 17% | 33% | 83% | 0 |

Total Compensation — Average total of base salary plus incentives.
Executive Benefits — Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
Employment Contract — Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 20

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | 33% | 3 | 33% | 0 | 8 | 67% |
| Quality Assurance - Manager | 33% | 3 | 0 | 0 | 12 | 33% |
| Supervisor - Manager | 33% | 4 | 0 | 0 | 11 | 83% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | 25% | 2 | 0 | 0 | 6 | 75% |
| Group II (Second Highest Compensation) | 17% | 6 | 17% | 0 | 14 | 83% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Group Practice **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Part Time **NUMBER IN SAMPLE:** 11

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 40,000 | 57,091 | 62,000 | 75,000 |
| Bonus/Incentives | 15,000 | 18,500 | 15,000 | 22,000 |
| **Total Compensation** | **$40,000** | **$60,455** | **$65,000** | **$80,000** |
| Fringe Benefits (perceived value) | 30,000 | 20,000 | 30,000 | 30,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 18% | Country Club Membership (full or partial) | 0% |
| Credit Card (for entertainment) | 18% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 64% |
| Written Contract | 82% | Defined Parachute | 27% |
| Contract Term | 1 yr. | Parachute Term | 17 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 46 | Hours In Management (per week) | 20 |
| Sex (Male) | 100% | Years In Current Position | 5 |
| Board Certification (ABMS Clinical Boards) | 100% | Management Degree (have or working on) | 27% |

ORGANIZATION TYPE: Group Practice
TIME COMMITMENT: Part Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 11

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 82% | 17 | 2 | |
| Quality Assurance (QA/UR/RM) | 100% | 25 | 1 | 1 |
| Credentials | 36% | 7 | | |
| Supervise Physicians (Physician Executives or Physicians) | 73% | 16 | | 3 |
| Strategic Planning (Budget/Programs/Equipment) | 82% | 12 | 2 | 2 |
| Education (CME/Community/Graduate) | 18% | 5 | | |
| External Relations (Professional/Community) | 55% | 10 | | |
| Recruitment | 82% | 15 | 3 | |
| Compliance (With Licensing & Regulatory Agencies) | 18% | 7 | | |

ORGANIZATION TYPE: Group Practice
PHYSICIAN EXECUTIVE: Top Managers
TIME COMMITMENT: Full Time
NUMBER IN SAMPLE: N/A

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $170,254 | $188,506 | $215,583 | $213,917 |
| PERCENTAGE CHANGE | | +10.7% | +14.4%* | -1.0% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 39%, **Average Total Compensation** (considering salary and incentives) has increased by 25.6%.

2. In the next five years, 49% of these physicians expect to remain in their current position; 16% with the same duties and 33% with more responsibilities.

3. In the next five years, 50% of these physicians expect to have moved to a new organization; none expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 11.9% of Average Base Salary in this survey year; slightly lower than last year.

# CHAPTER IV

## PHYSICIAN MANAGERS IN MANAGED CARE

This chapter includes physicians who serve in a management capacity for organizations engaged in the provision of managed health care services. These primarily include prepaid health care plans of varying configurations. Physician executives are often a principal manager in managed care organizations, not unexpected given the nature of the services provided. The most traditional role in managed care is that of medical director in which a myriad of duties are placed on a physician executive, most often concentrating on quality assurance and supervision of practitioners within the organization.

**Reports Included in this Chapter**

1. Five year trend information is provided comparing survey data for the past four survey reports conducted by the Management Center.

2. Full-time Senior Medical Managers: Physician managers who devote 75% or more time to management duties in a managed care organization are included. Duties can be compared with last year's report.

3. Part-time Senior Medical Managers: Physicians who reported less than a 75% time commitment to managerial duties were included with these reports as part-time managers.

4. Comparisons: Data reports were generated to determine the influence of a number of demographic factors on compensation and are included as additional information for the reader. As in the past, the reports are provided by age, whether the respondent did or did not have an employment contract and the effect of a first position versus those who have held more than one management position. Comparisons related to the impact of bonuses, a management degree and clinical experience are included this year.

5. Regional Report: Data for group practice senior medical managers are reported by six regions in the country and include annual salary and total compensation data.

6. Position Type Comparison: Physicians whose primary responsibilities are liaison and external relations were defined as communicator-managers. Those who have principal duties of quality assurance and utilization review were defined as quality assurance-managers. Those whose duties are primarily supervision of physicians were defined as supervisor-managers.

7. Compensation Level: Group I includes physicians whose compensation is in the top 25th percentile of the distribution. Group II includes physicians whose compensation ranges from the median to the 75th percentile.

## Comments and Observations About the Data in this Chapter

1. Senior medical managers in managed care organizations have seen a modest increase in total compensation over the past year, although average bonus amounts decreased slightly. Perhaps less weight is being placed on incentives than in previous years.

2. Senior medical managers in managed care organizations continue to devote a majority of time to quality assurance activities. Liaison and supervision of physicians remains a major part of the position's duties.

3. Among this group of physician executives, senior medical managers appear to receive the highest compensation and best benefits when they have been in their positions for more than 6 years and have had one or more management positions previously.

4. Those physician executives with a bonus arrangement receive significantly higher average compensation than those without an incentive.

5. Advanced management degrees are not a significant factor in determining compensation.

6. Desired additional benefits for full-time managed care physician executives most often included better retirement options.

7. The clinical specialty areas for physician executives in managed care were concentrated in the following specialties: Internal Medicine (or a subspecialty) 36%; Family Practice 28%; Pediatrics 18% and General Surgery 8%.

8. Senior medical managers who serve principally in a supervisory manager role receive significantly more than those whose principal role is quality assurance or communication

9. Those physician executives currently serving in senior medical manager positions, whose previous position was with the same organization, received the same compensation as those whose previous position was with another organization. Movement within the managed care field does not appear to affect compensation.

10. 63% of senior medical managers in managed care organizations came to their current organization from private practice, 16% from another managed care organization, 9% from government, 11% from a hospital and none from private industry.

| | | | |
|---|---|---|---|
| ORGANIZATION TYPE: | Managed Care | PHYSICIAN EXECUTIVE: | Senior Medical Mgrs. |
| TIME COMMITMENT: | Full Time | NUMBER IN SAMPLE: | N/A |

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $121,791 | $119,281 | $141,222 | $147,079 |
| PERCENTAGE CHANGE | | -2.1% | +18.4%* | +4.1% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 26.7%, **Average Total Compensation** (considering salary and incentives) has increased by 20.8%.

2. In the next five years, 56% of these physicians expect to remain in their current position; 9% with the same duties and 47% with more responsibilities.

3. In the next five years, 32% of these physicians expect to have moved to a new organization; 8% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 14.9% of Average Base Salary in this survey year; about the same as last year.

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 120,000 | 129,625 | 130,000 | 145,000 |
| Bonus/Incentives | 13,000 | 22,493 | 20,000 | 28,000 |
| **Total Compensation** | **$130,000** | **$147,079** | **$144,000** | **$165,600** |
| Fringe Benefits (perceived value) | 10,000 | 19,272 | 20,000 | 25,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 33% | Country Club Membership (full or partial) | 8% |
| Credit Card (for entertainment) | 30% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 46% |
| Written Contract | 43% | Defined Parachute | 18% |
| Contract Term | 1 yr. | Parachute Term | 6 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 49 | Hours In Management (per week) | 49 |
| Sex (Male) | 94% | Years In Current Position | 3 |
| Board Certification (ABMS Clinical Boards) | 91% | Management Degree (have or working on) | 34% |

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 69 | 20 | 2 | 3 |
| Quality Assurance (QA/UR/RM) | 94 | 31 | 1 | 1 |
| Credentials | 77 | 7 | | |
| Supervise Physicians (Physician Executives or Physicians) | 62 | 17 | 3 | |
| Strategic Planning (Budget/Programs/Equipment) | 89 | 13 | | 1 |
| Education (CME/Community/Graduate) | 46 | 5 | | |
| External Relations (Professional/Community) | 87 | 11 | | 2 |
| Recruitment | 55 | 7 | | |
| Compliance (With Licensing & Regulatory Agencies) | 63 | 5 | | |

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **AGE** | | | | | | |
| Less Than 40 Years | $134,023 | 33% | 7% | 47% | 33% | 7% |
| 40 to 49 Years | 150,889 | 39% | 6% | 47% | 41% | 8% |
| 50 to 59 Years | 149,545 | 27% | 10% | 41% | 46% | 32% |
| More Than 59 Years | 141,547 | 28% | 11% | 50% | 50% | 22% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | $142,671 | 29% | 8% | 46% | 42% | 17% |
| 3 to 6 Years | 147,662 | 34% | 5% | 49% | 41% | 17% |
| 7 or More Years | 185,969 | 63% | 25% | 25% | 63% | 25% |
| **EXPERIENCE** | | | | | | |
| First Management Position | $137,328 | 40% | 12% | 36% | 52% | 24% |
| Not First Management Position | 149,517 | 31% | 7% | 48% | 41% | 16% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **AGE** | | | | | | |
| Less Than 40 Years | 7% | 2 | 47% | 7% | 6 | 47% |
| 40 to 49 Years | 20% | 3 | 37% | 5% | 10 | 67% |
| 50 to 59 Years | 22% | 3 | 10% | 10% | 17 | 85% |
| More Than 59 Years | 28% | 3 | 22% | 0 | 25 | 94% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | 11% | 2 | 24% | 8% | 14 | 75% |
| 3 to 6 Years | 27% | 4 | 32% | 5% | 16 | 78% |
| 7 or More Years | 75% | 9 | 38% | 0 | 9 | 50% |
| **EXPERIENCE** | | | | | | |
| First Management Position | 100% | 5 | 24% | 4% | 18 | 88% |
| Not First Management Position | N/A | N/A | 28% | 7% | 13 | 71% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Managed Care
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 125

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | $141,931 | 35% | 9% | 44% | 100% | 41% |
| Contract With A Parachute | 149,089 | 42% | 11% | 33% | 100% | 100% |
| No Written Employment Contract | 150,995 | 31% | 7% | 46% | 0 | 0 |
| **BONUS** | | | | | | |
| Received A Bonus | $154,458 | 32% | 7% | 44% | 41% | 15% |
| No Bonus | 121,518 | 36% | 11% | 50% | 50% | 25% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | $150,348 | 45% | 6% | 35% | 42% | 10% |
| No Management Degree | 146,001 | 29% | 9% | 49% | 44% | 20% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | 24% | 3 | 24% | 6% | 15 | 72% |
| Contract With A Parachute | 31% | 3 | 14% | 8% | 16 | 83% |
| No Written Employment Contract | 17% | 3 | 30% | 7% | 14 | 76% |
| **BONUS** | | | | | | |
| Received A Bonus | 18% | 3 | 30% | 4% | 14 | 75% |
| No Bonus | 29% | 2 | 18% | 14% | 16 | 71% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | 19% | 3 | 100% | 0 | 11 | 58% |
| No Management Degree | 20% | 3 | 0 | 9% | 15 | 80% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | $146,048 | 38% | 10% | 41% | 40% | 17% |
| Pediatrics | 154,023 | 19% | 0 | 62% | 50% | 12% |
| Other Specialties | 142,312 | 29% | 10% | 43% | 48% | 29% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | $142,185 | 31% | 23% | 46% | 85% | 31% |
| No Clinical Duties | 147,647 | 33% | 6% | 46% | 38% | 16% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Full Time **NUMBER IN SAMPLE:** 125

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | 21% | 3 | 29% | 9% | 13 | 76% |
| Pediatrics | 15% | 3 | 23% | 0 | 15 | 69% |
| Other Specialties | 24% | 3 | 24% | 5% | 17 | 76% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | 23% | 4 | 23% | 8% | 9 | 54% |
| No Clinical Duties | 20% | 3 | 28% | 6% | 15 | 77% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Managed Care
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 125

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | $144,381 | 26% | 14% | 49% | 49% | 20% |
| Quality Assurance - Manager | 141,721 | 35% | 3% | 48% | 35% | 13% |
| Supervisor - Manager | 155,207 | 33% | 11% | 44% | 59% | 19% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | $185,925 | 38% | 9% | 44% | 44% | 25% |
| Group II (Second Highest Compensation) | 153,697 | 39% | 6% | 33% | 27% | 9% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

ORGANIZATION TYPE: Managed Care
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 125

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | 23% | 3 | 17% | 6% | 15 | 74% |
| Quality Assurance - Manager | 19% | 2 | 52% | 13% | 13 | 71% |
| Supervisor - Manager | 19% | 3 | 19% | 4% | 13 | 70% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | 16% | 4 | 13% | 0 | 15 | 69% |
| Group II (Second Highest Compensation) | 18% | 3 | 45% | 0 | 14 | 73% |

First Management Position — Percentage Yes. If Yes, average years in current management position.
Management Degree — Percentage Yes. Percentage who are currently working on a management degree.
Clinical Experience — Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Managed Care
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: N/A

# REGIONAL COMPARISONS

| | ANNUAL SALARY | | | | TOTAL COMPENSATION | | | |
|---|---|---|---|---|---|---|---|---|
| REGION | 25% | $\overline{X}$ | 50% | 75% | 25% | $\overline{X}$ | 50% | 75% |
| Pacific | 123,000 | 135,198 | 139,500 | 150,000 | 141,500 | 159,303 | 160,000 | 178,000 |
| Southwest | 121,000 | 127,700 | 130,000 | 132,000 | 134,000 | 141,138 | 141,500 | 147,000 |
| Northwest | 120,000 | 115,400 | 120,000 | 130,000 | 126,000 | 133,220 | 132,000 | 190,000 |
| Midwest | 115,000 | 126,586 | 128,400 | 138,500 | 130,000 | 144,600 | 149,500 | 162,500 |
| Northeast | 115,000 | 131,924 | 130,000 | 155,000 | 121,000 | 148,303 | 150,000 | 183,000 |
| Southeast | 125,000 | 130,857 | 127,500 | 148,000 | 130,500 | 145,750 | 145,000 | 176,000 |

**ORGANIZATION TYPE:** Managed Care **PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**TIME COMMITMENT:** Part Time **NUMBER IN SAMPLE:** 16

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 47,000 | 68,872 | 72,150 | 96,000 |
| Bonus/Incentives | 4,000 | 11,600 | 15,000 | 20,000 |
| **Total Compensation** | **$53,000** | **$72,497** | **$72,150** | **$96,000** |
| Fringe Benefits (perceived value) | 7,000 | 10,000 | 12,000 | 15,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 19% | Country Club Membership (full or partial) | 0% |
| Credit Card (for entertainment) | 13% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 75% |
| Written Contract | 56% | Defined Parachute | 19% |
| Contract Term | 1 yr. | Parachute Term | 7 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 50 | Hours In Management (per week) | 20 |
| Sex (Male) | 100% | Years In Current Position | 4 |
| Board Certification (ABMS Clinical Boards) | 88% | Management Degree (have or working on) | 13% |

ORGANIZATION TYPE: Managed Care
TIME COMMITMENT: Part Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 16

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 81% | 18 | 2 | 3 |
| Quality Assurance (QA/UR/RM) | 100% | 31 | 1 | 2 |
| Credentials | 88% | 12 | 3 | |
| Supervise Physicians (Physician Executives or Physicians) | 56% | 15 | 2 | |
| Strategic Planning (Budget/Programs/Equipment) | 81% | 13 | 3 | 1 |
| Education (CME/Community/Graduate) | 56% | 4 | | |
| External Relations (Professional/Community) | 88% | 7 | 3 | |
| Recruitment | 44% | 8 | 3 | |
| Compliance (With Licensing & Regulatory Agencies) | 63% | 9 | 3 | |

| | | | |
|---|---|---|---|
| ORGANIZATION TYPE: | Managed Care | PHYSICIAN EXECUTIVE: | Top Managers |
| TIME COMMITMENT: | Full Time | NUMBER IN SAMPLE: | N/A |

# FIVE YEAR TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | $160,900 | $147,900 | $207,250 | $183,563 |
| PERCENTAGE CHANGE | | -8.1% | +40.1%* | -11.4% |
| INFLATION CHANGE | | 3.6% | 15.1%* | 4.2% |

* Three Year Change

1. Over the past five years, **Average Annual Salary** has increased by 21.6%, **Average Total Compensation** (considering salary and incentives) has increased by 14.1%.

2. In the next five years, 49% of these physicians expect to remain in their current position; 12% with the same duties and 37% with more responsibilities.

3. In the next five years, 25% of these physicians expect to have moved to a new organization; 25% expect to be retired or out of management entirely.

4. Average fringe benefits for these physicians was 17.3% of Average Base Salary in this survey year; 6% higher than last year.

# CHAPTER V

## PHYSICIAN MANAGERS IN INDUSTRY

For the second year, we have included a separate section on the respondents who are specifically working in private industry. While there has not been an extremely large response, there is sufficient information to look closely at this segment of the profession.

**Reports Included in this Chapter**

1. Full-time Senior Medical Managers: Physician executives who reported a 75% or more time commitment to management duties are included.

2. Comparisons: Data reports were generated to determine the influence of a number of demographic factors on compensation and are included as additional information for the reader. As in the past, the reports are provided by age, whether the respondent did or did not have an employment contract and the effect of a first position versus those who have held more than one management position. Comparisons related to the impact of bonuses, a management degree and clinical experience are included this year.

3. Position Type Comparison: Physicians whose primary responsibilities are liaison and external relations were defined as communicator-managers. Those who have principal duties of quality assurance and utilization review were defined as quality assurance-managers. Those whose duties are primarily supervision of physicians were defined as supervisor-managers.

4. Compensation Level: Group I includes physicians whose compensation is in the top 25th percentile of the distribution. Group II includes physicians whose compensation ranges from the median to the 75th percentile.

## Comments and Observations About the Data in this Chapter

1. Compensation over the past two years has remained mostly unchanged for senior medical managers. However, base salaries have increased during the same period while bonuses decreased. One change that will be followed in coming years is the increase of written contracts and defined parachutes for these physician executives.

2. Senior medical managers in industry devote a majority of time to strategic planning, quality assurance, liaison and supervision of physicians.

3. Among this group of physician executives, senior medical managers appear to receive the highest compensation and best benefits when in the age range of 40 to 49 years and have had one or more previous management positions.

4. Those physician executives with a bonus arrangement receive significantly higher average compensation than those without an incentive.

5. An advanced management degree does not affect compensation.

6. The clinical specialty areas for physician executives in industry were concentrated in the following specialties: Internal Medicine (or a subspecialty) 32%; Family Practice 22% and Pediatrics 18%.

7. Senior medical managers who serve principally in a communications role receive significantly more than those whose principal role is supervision or quality assurance.

8. 52% of senior medical managers in industry came to their current organization from private practice.

| | | | |
|---|---|---|---|
| ORGANIZATION TYPE: | Industry | PHYSICIAN EXECUTIVE: | Senior Medical Mgrs. |
| TIME COMMITMENT: | Full Time | NUMBER IN SAMPLE: | N/A |

# TRENDS IN COMPENSATION

| | 1986 | 1987 | 1990 | 1991 |
|---|---|---|---|---|
| TOTAL COMPENSATION | | | $153,687 | $150,194 |
| PERCENTAGE CHANGE | | | | -2.3% |
| INFLATION CHANGE | | | | 4.2% |

* Three Year Change

1. In the next five years, 60% of these physicians expect to remain in their current position; 22% with the same duties and 38% with more responsibilities.

2. In the next five years, 27% of these physicians expect to have moved to a new organization; 5% expect to be retired or out of management entirely.

3. Average fringe benefits for these physicians was 19.7% of Average Base Salary in this survey year;1.1% lower than last year.

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

## COMPENSATION

| | 25% | Average | Median | 75% |
|---|---|---|---|---|
| Base Salary | 130,000 | 133,306 | 134,000 | 150,000 |
| Bonus/Incentives | 20,000 | 30,400 | 33,000 | 45,000 |
| **Total Compensation** | **$130,000** | **$150,194** | **$149,000** | **$180,000** |
| Fringe Benefits (perceived value) | 20,000 | 26,263 | 30,000 | 40,000 |

## EXECUTIVE BENEFITS & CONTRACTS

| | | | |
|---|---|---|---|
| Automobile (or allowance for auto) | 22% | Country Club Membership (full or partial) | 0% |
| Credit Card (for entertainment) | 28% | No Executive Benefits Reported (Auto/Credit Card/Country Club) | 72% |
| Written Contract | 44% | Defined Parachute | 33% |
| Contract Term | 1 yr. | Parachute Term | 4 mos. |

## RESPONDENT PROFILE

| | | | |
|---|---|---|---|
| Average Age | 53 | Hours In Management (per week) | 51 |
| Sex (Male) | 100% | Years In Current Position | 4 |
| Board Certification (ABMS Clinical Boards) | 100% | Management Degree (have or working on) | 78% |

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

## MANAGEMENT RESPONSIBILITIES

*The survey inquired about duties of physician executives in their current positions and the percentage of time they spent with those responsibilities. Also, it asked them to rank what they perceived to be their greatest value to their organization (**1 = greatest, 2 = second, etc.**) and which of their duties they enjoyed most (**1 = liked best, etc.**).*

| Responsibilities | % With This Duty | Average % Time | Perceived Value | Enjoyed Most |
|---|---|---|---|---|
| Liaison (Medical Staff & Administration) | 56 | 18 | 1 | 3 |
| Quality Assurance (QA/UR/RM) | 67 | 17 | 2 | 2 |
| Credentials | 39 | 7 | | |
| Supervise Physicians (Physician Executives or Physicians) | 61 | 16 | 2 | 3 |
| Strategic Planning (Budget/Programs/Equipment) | 78 | 25 | 2 | 1 |
| Education (CME/Community/Graduate) | 50 | 7 | | |
| External Relations (Professional/Community) | 78 | 13 | | 3 |
| Recruitment | 33 | 5 | | |
| Compliance (With Licensing & Regulatory Agencies) | 56 | 11 | 3 | |

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **AGE** | | | | | | |
| 40 to 49 Years | $173,214 | 14% | 0 | 71% | 43% | 43% |
| 50 to 59 Years | 150,571 | 43% | 0 | 57% | 71% | 43% |
| More Than 59 Years | 109,250 | 0 | 0 | 100% | 0 | 0 |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | $151,111 | 33% | 0 | 56% | 67% | 56% |
| 3 to 6 Years | 152,750 | 17% | 0 | 83% | 17% | 17% |
| 7 or More Years | 142,333 | 0 | 0 | 100% | 33% | 0 |
| **EXPERIENCE** | | | | | | |
| First Management Position | $182,500 | 0 | 0 | 100% | 100% | 50% |
| Not First Management Position | 146,156 | 25% | 0 | 69% | 38% | 31% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **AGE** | | | | | | |
| 40 to 49 Years | 14% | 3 | 100% | 29% | 8 | 29% |
| 50 to 59 Years | 14% | 3 | 43% | 14% | 19 | 71% |
| More Than 59 Years | 0 | 0 | 25% | 0 | 18 | 100% |
| **YEARS IN POSITION** | | | | | | |
| Less Than 3 Years | 11% | 1 | 67% | 11% | 18 | 67% |
| 3 to 6 Years | 0 | 0 | 67% | 0 | 11 | 50% |
| 7 or More Years | 33% | 8 | 33% | 67% | 12 | 67% |
| **EXPERIENCE** | | | | | | |
| First Management Position | 100% | 6 | 50% | 50% | 19 | 50% |
| Not First Management Position | N/A | N/A | 63% | 13% | 14 | 63% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Industry
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 18

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | $167,375 | 25% | 0 | 63% | 100% | 75% |
| Contract With A Parachute | 157,375 | 25% | 0 | 63% | 100% | 100% |
| No Written Employment Contract | 136,450 | 20% | 0 | 80% | 0 | 0 |
| **BONUS** | | | | | | |
| Received A Bonus | $169,700 | 40% | 0 | 50% | 50% | 30% |
| No Bonus | 125,813 | 0 | 0 | 100% | 38% | 38% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | $150,313 | 38% | 0 | 63% | 25% | 13% |
| No Management Degree | 150,100 | 10% | 0 | 80% | 60% | 50% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

ORGANIZATION TYPE: Industry
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 18

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CONTRACT STATUS** | | | | | | |
| Written Employment Contract | 25% | 3 | 50% | 25% | 16 | 75% |
| Contract With A Parachute | 13% | 2 | 63% | 13% | 16 | 50% |
| No Written Employment Contract | 0 | 0 | 70% | 10% | 14 | 50% |
| **BONUS** | | | | | | |
| Received A Bonus | 10% | 4 | 70% | 20% | 14 | 50% |
| No Bonus | 13% | 4 | 50% | 13% | 15 | 75% |
| **MANAGEMENT DEGREE** | | | | | | |
| Has A Degree | 0 | 0 | 100% | 13% | 13 | 25% |
| No Management Degree | 20% | 4 | 0 | 20% | 16 | 90% |

First Management Position — Percentage Yes. If Yes, average years in current management position.
Management Degree — Percentage Yes. Percentage who are currently working on a management degree.
Clinical Experience — Average years in clinical practice of any type. Percent with private practice experience.

ORGANIZATION TYPE: Industry
TIME COMMITMENT: Full Time
PHYSICIAN EXECUTIVE: Senior Medical Mgrs.
NUMBER IN SAMPLE: 18

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | $146,875 | 13% | 0 | 88% | 13% | 0 |
| Pediatrics | 132,000 | 0 | 0 | 100% | 100% | 100% |
| Other Specialties | 158,063 | 38% | 0 | 50% | 63% | 50% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | $137,750 | 0 | 0 | 100% | 0 | 0 |
| No Clinical Duties | 151,750 | 25% | 0 | 69% | 50% | 38% |

**Total Compensation** Average total of base salary plus incentives.
**Executive Benefits** Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
**Employment Contract** Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **CLINICAL SPECIALTY** | | | | | | |
| Family Practice/ Internal Medicine | 13% | 5 | 38% | 13% | 14 | 75% |
| Pediatrics | 0 | 0 | 0 | 50% | 13 | 100% |
| Other Specialties | 13% | 2 | 100% | 13% | 15 | 38% |
| **CLINICAL DUTIES (As Part of Position)** | | | | | | |
| Current Duties | 0 | 4 | 100% | 0 | 4 | 50% |
| No Clinical Duties | 13% | 4 | 50% | 19% | 16 | 63% |

**First Management Position** Percentage Yes. If Yes, average years in current management position.
**Management Degree** Percentage Yes. Percentage who are currently working on a management degree.
**Clinical Experience** Average years in clinical practice of any type. Percent with private practice experience.

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

# BENEFITS & CONTRACTS

| | Total Compensation | Executive Benefits | | | Employment Contract | |
|---|---|---|---|---|---|---|
| | | Auto | Club | None | Yes | Parachute |
| **POSITION TYPE** | | | | | | |
| **(Principal Role)** | | | | | | |
| Communicator - Manager | $159,667 | 33% | 0 | 67% | 100% | 67% |
| Quality Assurance - Manager | 142,000 | 0 | 0 | 100% | 0 | 0 |
| Supervisor - Manager | 136,500 | 25% | 0 | 75% | 50% | 50% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | $204,500 | 25% | 0 | 50% | 50% | 25% |
| Group II (Second Highest Compensation) | 166,800 | 40% | 0 | 60% | 60% | 40% |

Total Compensation: Average total of base salary plus incentives.
Executive Benefits: Percentage who receive an automobile or allowance. Percentage who receive country club membership. Percentage with no executive benefits.
Employment Contract: Percentage with a written employment contract. Percentage with a parachute as a part of the contract.

**ORGANIZATION TYPE:** Industry
**TIME COMMITMENT:** Full Time
**PHYSICIAN EXECUTIVE:** Senior Medical Mgrs.
**NUMBER IN SAMPLE:** 18

# MANAGEMENT & CLINICAL CREDENTIALS

| | First Management Position | | Management Degree | | Clinical Experience | |
|---|---|---|---|---|---|---|
| | Yes | Years | Yes | Working | Years | Private Practice |
| **POSITION TYPE** | | | | | | |
| (Principal Role) | | | | | | |
| Communicator - Manager | 33% | 2 | 67% | 0 | 20 | 67% |
| Quality Assurance - Manager | 0 | 0 | 50% | 0 | 15 | 50% |
| Supervisor - Manager | 0 | 0 | 50% | 25% | 11 | 50% |
| **COMPENSATION LEVEL** | | | | | | |
| Group I (Top 25% Compensation) | 25% | 5 | 75% | 25% | 11 | 50% |
| Group II (Second Highest Compensation) | 20% | 3 | 60% | 20% | 14 | 60% |

First Management Position — Percentage Yes. If Yes, average years in current management position.
Management Degree — Percentage Yes. Percentage who are currently working on a management degree.
Clinical Experience — Average years in clinical practice of any type. Percent with private practice experience.

# DEPARTMENT DIRECTOR SURVEY

In late 1991, a survey of compensation and duties of hospital department chairmen was conducted by the Management Center. The interest in this information is substantial as hospitals attempt to find ways to involve physicians in executive management and decision making roles, and to fairly compensate them for their time. Department directors are often expected to provide leadership and managerial expertise to guide their departments. These duties are in addition to their clinical duties and involve a large commitment of time.

Previous attempts to gather information about department level managers by a number of organizations have met with limited success. This is often due to some uncertainty in duties assigned to these managers, the clinical duties also compensated (or not compensated) as a part of the position, the medical specialty or subspecialty orientation of the department, the external clinical practice of the physician, the political nature of the position, the individual personalities of the physicians and the variety of approaches taken to compensating chairmen.

Understanding the difficulty of collecting this information, the Management Center attempted to create a baseline from which to learn more in the future. The departmental manager survey was conducted as a part of a larger physician executive survey, but the data were analyzed separately.

## METHODS

A survey form was sent to a variety of hospital physician executives requested information about four distinct departmental director positions: medicine, surgery, obstetrics and gynecology and pediatrics.

## SURVEY RETURNS

1. Eighty-three (83) hospitals participated in the survey. Of these, 75% were described as community hospitals. The remainder were tertiary or academic hospitals. The mix of hospital size was well distributed from small to large facilities.

| | |
|---|---|
| Less than 200 beds | 29% |
| 200 to 299 beds | 25% |
| 300 to 500 beds | 25% |
| Over 500 beds | 21% |

2. Of those that responded, 32% compensated their department chairman on either a full or part-time basis. The remaining 68% provided information about the role of their managers, but indicated that compensation was not paid to these physicians for their managerial duties.

3. Responding hospitals included those from 30 states, most of which were in the midwest, northeast and southeastern portions of the country. The largest response came from Pennsylvania, New York and Ohio hospitals.

4. The title of choice for these departmental positions was Chairman (64%) or Chief (29%), regardless of the position or the organization type.

## COMPENSATION

Annual Total Compensation*
Full-Time

| Department | Low | Average | Median | High |
|---|---|---|---|---|
| Medicine | $50,000 | $139,062 | $138,000 | $185,000 |
| Ob-Gyn | 90,000 | 161,000 | 180,000 | 223,000 |
| Surgery | 120,000 | 178,400 | 179,000 | 255,000 |
| Pediatrics | 86,000 | 129,000 | 124,000 | 185,000 |

Annual Total Compensation*
Part-Time

| Department | Low | Average | Median | High |
|---|---|---|---|---|
| Medicine | $5,000 | $19,125 | $13,500 | $40,000 |
| Ob-Gyn | 4,000 | 15,000 | 12,000 | 35,000 |
| Surgery | 4,000 | 17,400 | 12,000 | 35,000 |
| Pediatrics | 3,000 | 7,640 | 4,000 | 20,000 |

* Annual compensation includes the total of salary and any incentives or bonuses for Chairmen.

## FRINGE BENEFITS

Annual Benefits
Full-Time

| Department | Medical/Health Insurance | Disability Insurance | Pension Plan | Paid Vacation | Paid CME | Written* Contract |
|---|---|---|---|---|---|---|
| Medicine | 94% | 88% | 94% | 88% | 88% | 69% |
| Ob-Gyn | 100% | 100% | 100% | 100% | 100% | 67% |
| Surgery | 100% | 100% | 100% | 100% | 100% | 70% |
| Pediatrics | 100% | 89% | 100% | 100% | 100% | 78% |

* Contract: Reported a written contract.

## CHAIRMAN DUTIES

| | Quality Assurance Duties (QA/UR) | | | Recruitment Duties | | |
|---|---|---|---|---|---|---|
| Department | Full | Part | No Comp. | Full | Part | No Comp. |
| Medicine | 94% | 100% | 80% | 88% | 43% | 5% |
| Ob-Gyn | 78% | 86% | 79% | 78% | 29% | 15% |
| Surgery | 100% | 50% | 80% | 100% | 10% | 8% |
| Pediatrics | 100% | 60% | 85% | 89% | -0- | 13% |

| | Budgetary Duties | | | Supervisory Duties | | |
|---|---|---|---|---|---|---|
| Department | Full | Part | No Comp. | Full | Part | No Comp. |
| Medicine | 75% | 14% | 12% | 94% | 71% | 46% |
| Ob-Gyn | 67% | 14% | 11% | 100% | 57% | 47% |
| Surgery | 70% | 10% | 14% | 100% | 50% | 47% |
| Pediatrics | 44% | 20% | 6% | 100% | 40% | 48% |

Key: Full = Full-time chairmen who are compensated as chairmen.
Part = Part-time chairmen who are compensated as chairmen.
No Comp. = Chairmen who receive no compensation.

## SURVEY CONCLUSIONS

1. While many hospitals are considering the value of paid department directors, the norm continues to be part-time, non-paid directors of clinical departments.

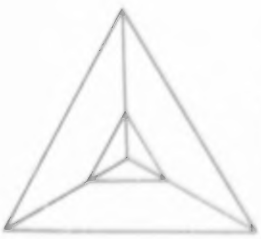
2. There appears to be no relationship between the level of academic activities at a hospital and the title chosen for the department director. The title of chairman is routinely used in a variety of situations, including community hospitals.

3. Total compensation for full-time chairmen does not vary significantly by specialty. While surgery typically earned more and pediatrics earned less, the differences on average were not as great as might have been expected.

4. Virtually all full-time department chairmen receive a full range of fringe benefits including compensated continuing medical education (CME). While part-time chairmen receive some CME support, they normally receive no other fringe benefits.

5. About 7 out of 10 physicians serving in a full-time department chairman position have a written employment contract. Those in part-time, paid positions had contracts in only a few instances; clearly contracts are not the norm.

6. Department director duties did not vary significantly by specialty. The key duty for chairmen, full and part-time, is involvement with the assurance of quality clinical care within the department.



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